



City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS

1000 Rochester Hills Dr.  
Rochester Hills, MI 48309  
248.656.4630  
[www.rochesterhills.org](http://www.rochesterhills.org)

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Legislative File No: 2022-0076

**TO:** Mayor and City Council Members  
**FROM:** Scott Cope, Director Building/Facilities/Ordinance  
**DATE:** February 28, 2022  
**SUBJECT:** Natural Gas

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**REQUEST:**

City Council is requested to authorize a blanket purchase order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$570,000.00 for a four (4) year contract term.

City Council is requested to waive Section 2-273(b) the 3-year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City to allow a 4-year contract.

**REASON FOR PURCHASE:**

Through the State of Michigan's MiDeal Program, the City participates as a cooperative member in the purchase of natural gas, utilizing a State qualified and selected vendor, including consulting services and natural gas brokering. In June 2009, the City began using Constellation Energy as its source of the natural gas commodity through the MiDeal program, with firm pricing for the commodity only.

The City for the past 3 years pays a fixed rate of \$3.15/MMBtu, and prior to that contract the rate the City paid was \$3.89/MMBtu. The City was provided the rates that could be locked in based on term and after careful review and consideration of the market recommends the City locks in at the 4-year term rate of \$3.95/MMBtu. The MiDeal contract's fixed rate historically has remained less than the "utility's" rate.

Utilizing this program the City continues to save in its purchase of the natural gas commodity under the current rate structure and annual consumption and by locking it the rate is not subject to the monthly market fluctuation of rate changes.

**PROCESS:**

**Vendor Name and Address:**

Consumers Energy  
Lansing, MI 48937-0001

**Reason for Selection:**

Best Value

**Method of Purchase:**

Blanket Purchase Order

**BUDGET:**

Funding is included in the FY 2022 Adopted Budget, the FY 2023-2025 Projected Budgets

Fund Name	Department Account No	Account No. Description	4-Year Budget Amount	4-Year Cost	Remaining Budget
Facilities	631.926000	Utility: Natural Gas	\$570,000	\$570,000	\$0

**RECOMMENDATION:**

It is recommended that City Council is authorize a blanket purchase order to Consumers Energy, Lansing, Michigan in the amount not-to-exceed \$570,000.00 for a four (4) year contract term.

It is recommended that City Council waive Section 2-273(b) the 3-year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to be in the best interest of the City to allow a 4-year contract.

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APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Chief Financial Officer		
Purchasing Process: Procurement Manager		
Mayor		
City Clerk		

Contract Reviewed by City Attorney       Yes       N/A